

ASSEMBLY BILL

No. 1036

Introduced by Assembly Member Mullin

February 20, 2003

An act to amend Sections 987.65 and 988.4 of the Military and Veterans Code, relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1036, as introduced, Mullin. Veterans: Cal-Vet loans.

The Veterans' Farm and Home Purchase Act of 1974 authorizes the Department of Veterans Affairs to assist veterans in acquiring homes and farms by generally providing that the department may purchase a farm or home which the department then sells to a purchaser, as defined. Existing law limits the amount that the department may expend for these purposes in acquiring different types of homes and farms and provides that the department may not expend more than \$70,000 for a mobilehome that is to be sited in a mobilehome park, as defined, nor more than \$300,000 for a farm, as defined.

This bill would change these expenditure limits to \$125,000 in the case of a mobilehome that is to be sited in a mobilehome park and, in the case of a farm, to 150% of the maximum Fannie Mae loan limit, as provided.

Existing law provides for the Veterans' Farm and Home Building Fund of 1943 and authorizes the department to expend moneys from that fund for, among other purposes, advancing to a purchaser sums for the purpose of making alterations, repairs, or improvements on or in connection with the principal place of residence of the purchaser. Existing state regulations allow a purchaser to borrow against that purchaser's equity in a farm or home that the department assisted that

purchaser in acquiring only if, among other conditions, the department's interest in the home is prior and senior to any other financing on that farm or home.

This bill would authorize the department to secure the advances described above with a security interest that is subordinate to any existing financing on that residence.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 987.65 of the Military and Veterans
2 Code is amended to read:

3 987.65. (a) The purchase price of a home to the department,
4 or the sum to be expended by the department pursuant to a contract
5 for the construction of a dwelling house and other improvements,
6 or the purchase price of a mobilehome sited on a lot owned by the
7 purchaser and installed on a foundation system pursuant to Section
8 18551 of the Health and Safety Code, or the purchase price of a
9 mobilehome converted to a fixture and improvement to the
10 underlying real property in a mobilehome park that has been
11 converted to a resident-owned subdivision, cooperative,
12 condominium, or nonprofit corporation as set forth in Section
13 18555 of the Health and Safety Code, ~~shall~~ may not exceed the then
14 current maximum Fannie Mae loan limit *that is annually set by*
15 *Fannie Mae* for a single-family home ~~that is annually set by Fannie~~
16 ~~Mae~~.

17 (b) The purchase price of a mobilehome that is to be sited in a
18 mobilehome park, as defined in Section 18214 of the Health and
19 Safety Code, in addition to any assistance provided by the
20 department to a veteran pursuant to subdivision (e) of Section
21 987.85, ~~shall~~ may not exceed ~~seventy one hundred twenty-five~~
22 ~~thousand dollars (\$70,000)~~ *(\$125,000)*.

23 (c) A veteran purchasing the home may advance, subject to
24 Section 987.64, the difference between the total price or cost of the
25 home and the sum of the purchase price of the home to the
26 department and any amount the department adds, under Section
27 987.69, to the purchase price of the home in fixing the selling price
28 to the veteran. Any amount of the purchase price to the department

1 may be provided by funds from participation contracts or revenue
2 bonds.

3 (d) The purchase price of a farm to the department ~~shall~~ may not
4 exceed ~~three hundred thousand dollars (\$300,000)~~ 150 percent of
5 the current maximum Fannie Mae loan limit described in
6 subdivision (a). A veteran purchasing the farm may advance the
7 difference between the total price of the farm, or the cost of the
8 dwelling and improvements to be constructed on a farm under a
9 contract, and the sum of the purchase price to the department or
10 contract price to the department and any amount that the
11 department adds, under Section 987.69, to the purchase or contract
12 price to the department in fixing the selling price of the farm to the
13 veteran.

14 SEC. 2. Section 988.4 of the Military and Veterans Code is
15 amended to read:

16 988.4. (a) For purposes of this section, “purchaser” includes
17 any veteran whose only loan with the department is for the purpose
18 of a home improvement on property that is the principal place of
19 residence of the veteran.

20 (b) (1) Out of any money available in the Veterans’ Farm and
21 Home Building Fund of 1943, the department may advance to a
22 purchaser upon his or her application, and under the policies as the
23 department may, from time to time, prescribe, sums for the
24 purpose of making alterations, repairs, or improvements on or in
25 connection with the principal place of residence of the purchaser.

26 (2) *Notwithstanding any other provision of law, in making the*
27 *advances described in paragraph (1), the department may secure*
28 *that advance by issuing a deed of trust, a promissory note, or other*
29 *security interest that is subordinate to any existing financing on the*
30 *principal place of residence of the purchaser.*

31 (c) The department shall be the sole judge of the need and
32 desirability of making advances and the method of repayment by
33 the purchaser under this section.